

Bureau of Insurance Statement Regarding Maine Community Health Options

August 30, 2017

Consistent with the Bureau of Insurance's ("BOI") practice, this statement concerns Community Health Options' ("CHO") results for July and compares those results to CHO's updated 2017 Business Plan.

What follows are the key results for July:

- Paid claims were 3% lower in July than Plan. Gross incurred claims for July were 0.6% higher than Plan. YTD paid claims were 1.0% higher than Plan and YTD gross incurred claims were 1.9% lower than Plan. The number of open claims at the end of July was 23.0% higher than at the end of June. The Average Daily Dollar Amount in the Claim Inventory in July was 22.2% lower than at the end of June.
- The percentage of Net Outstanding Claims Inventory (which is the total pending Submitted Amount at July 31, 2017) in the 0-30 day period (105.3%) was higher in July than June (102.1%). The 0-60 day period inventory (107.0%) was also higher than June (102.1%). (These numbers are greater than 100% because the 60+ day category was a negative amount reflecting credits due CHO.) The BOI is monitoring the aging of the claim inventory on a weekly basis and can report that, as of the end of August 23, 2017, the percentage of the total Net Outstanding Claim Inventory in the 0-30 day period was 103.8% and for the 0-60 day period 107.1%.
- Membership at the end of July was 7.4% lower than Plan. The membership breakdown was 77.2% individual, 20.6% small group and 2.1% large group, compared with 76.7% individual, 21.3% small group and 2.0% large group in June. Reported net premium income was 8.6% lower than Plan for July and 1.8% higher than Plan YTD. Adjusting to disregard the impact of the \$9.1 million risk adjustment reconciliation accrual booked in June, the YTD net premium income was 3.8% lower than Plan. Total expenses in July were 18.3% lower than Plan. YTD total expenses are 3.6% lower than Plan.
- The \$590,412 of net income reported for July compares to \$1.06 million of net income projected under the Plan. CHO's reported YTD net income of \$13.2 million would have been \$3.5 million absent the favorable risk adjustment receivables and additional transitional reinsurance recoveries booked in June; this compares to \$5.4 million YTD projected in the Plan. These comparisons are offered in order to illustrate how 2017 operating results compared to Plan without the impact of the described reconciliations which are attributable to operations in prior years.
- CHO's reported bonds, cash, cash equivalents, and short term investments in July were 5.74% lower than Plan and 48.7% greater than in June. This reflects correction of a timing issue in the recovery of premium credits from CMS.

The BOI will continue to closely monitor CHO's performance and post monthly statements about its results.